

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-203

June 25, 2003

BANGOR HYDRO-ELECTRIC COMPANY
Review (Post Merger) "ARP2000"

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

On June 11, 2002, we issued an Order Approving Stipulation which put into place an Alternative Rate Plan (ARP) for Bangor Hydro-Electric Company (BHE). In this Order, we approve a Stipulation which requires BHE to decrease its distribution rates by 2.5% as part of its first price change under the BHE ARP. Consistent with the Commission's Order in *Maine Public Utilities Commission, Investigation of Rate Design of Transmission and Distribution Utilities*, Docket No. 2001-245, Order Approving Stipulations (Central Maine Power Company and Bangor Hydro-Electric Company) (Dec. 2, 2002) this year's price change is allocated in equal proportions to reduce the winter kW and kWh rate components for those customer classes with seasonally differentiated rates.

II. BACKGROUND AND DESCRIPTION OF THE STIPULATION

Under the terms of the ARP, BHE is required to submit specific information each year on March 15 to be used to compute the annual allowable price change to go into effect on July 1 of that year. On March 15, 2003, BHE submitted its first annual ARP price change filing. Pursuant to the terms of BHE's ARP, the Company proposed to decrease its distribution rates by this year's Basic Rate Reduction, or 2.5%. No other adjustments were proposed by BHE. BHE provided information with its filing on each of the Service Quality Index (SQI) metrics. As noted by BHE, however, the penalty provisions of the SQI mechanism were not applicable this year.

On March 25, 2003, the Commission issued a Notice of Proceeding which provided interested persons with an opportunity to intervene in this matter. The Office of the Public Advocate (OPA) and the Industrial Energy Consumers Group (IECG) filed petitions to intervene which were granted without objection. Central Maine Power Company's petition for limited intervenor status for the purpose of receiving all filings for possibly filing a brief was also granted. Technical conferences on BHE's proposal were held on April 11, 2003, and on May 24, 2003.

On June 12, 2003, we received a Stipulation entered into between BHE and the OPA which purported to resolve all issues in this matter. On June 16, 2003, the IECG filed an executed signature page to the Stipulation indicating that it was now a party to the Stipulation. Under the terms of the Stipulation, BHE would decrease its price-capped distribution rates by 2.5%. Pursuant to the terms of the Commission's Order in

Docket No 2001-245, for customers with seasonally differentiated rates, this rate increase will be applied on a revenue neutral basis, in equal proportions to reduce the Winter kW and kWh rates. The parties to the Stipulation also agreed, as part of this rate change, to allow BHE to cancel its D-3 and D-5/F-2 rates which were no longer active rates.

III. DECISION

As we have now stated on many occasions, to accept a stipulation the Commission must find:

1. the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. the process that led to the stipulation was fair to all parties; and
3. the stipulated result is reasonable and is not contrary to legislative mandates.

See Central Maine Power Company, Proposed Increase in Rates, Docket No. 92-345(II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design)*, Docket No. 95-052, Order (Me. P.U.C. June 26, 1996). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. *See Northern Utilities, Inc., Proposed Environmental Response Cost Recovery*, Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997). We find that the proposed Stipulation in this case meets these criteria.

The Stipulation before us was entered between CMP, the OPA and the IECG, all of the parties to this proceeding. In addition, our Advisory Staff was an active participant in the settlement process and has indicated its support for the Stipulation. Our review of the procedural history here indicates that all procedural safeguards were satisfied in this instance. We therefore, find that both criteria one and two, set forth above, have been satisfied in this instance.

Finally, we find that the stipulated result is reasonable, not contrary, to the public interest and consistent with legislative mandates. As general matter, alternative rate plans such as the BHE ARP are designated to reduce the amount of regulatory litigation over a utility's rates by tying rates to a specific rate change formula. We also find that the Stipulation here is consistent with the ARP rate change formula approved by the Commission in *Bangor Hydro-Electric Company, Request for Approval; of alternative Rate Plan*, Docket No. 2001-410, Order Approving Stipulation (June 11, 2002).

Accordingly, we

O R D E R

That the Stipulation entered into by Bangor Hydro-Electric Company, the Office of the Public Advocate and the Industrial Energy Consumers Group and filed with the Commission on June 12, 2003 is approved. A copy of the Stipulation is attached hereto and is incorporated by reference.

Dated at Augusta, Maine, this 25th day of June, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Nugent
 Diamond
 Welch

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.